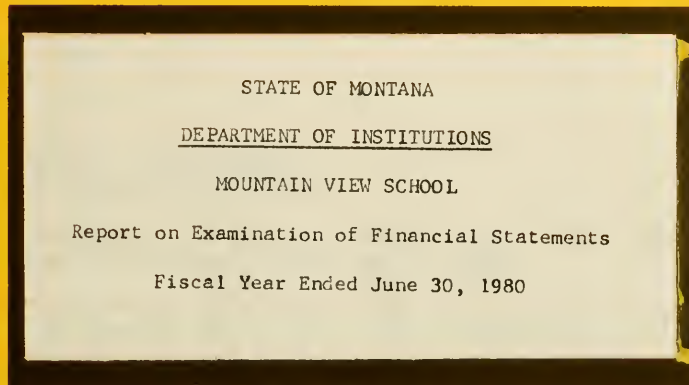


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STATE OF MONTANA

DEPARTMENT OF INSTITUTIONS

MOUNTAIN VIEW SCHOOL

Report on Examination of Financial Statements

Fiscal Year Ended June 30, 1980

STATE OF MONTANA

Office of the Legislative Auditor

STATE CAPITOL
HELENA, MONTANA 59601
406/449-3122



MORRIS L. BRUSETT, C.P.A.
LEGISLATIVE AUDITOR

November 1980

ELLEN FEAVER, C.P.A.
DEPUTY LEGISLATIVE AUDITOR
JOHN W. NORTHEY
STAFF LEGAL COUNSEL

The Legislative Audit Committee
of the Montana State Legislature;

Transmitted herewith is the report on the audit of the Mountain
View School for the year(s) ended June 30, 1980.

The audit was conducted by Thomas, Blessinger and Viano under a
contract between the firm and our office. The comments and
recommendations contained in this report represent the views of the
firm and not necessarily the Legislative Auditor.

The agency's written response to the report recommendations is
included in the back of the audit report.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Morris L. Brusett".

Morris L. Brusett, C.P.A.
Legislative Auditor

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Mountain View School 22

APPOINTIVE AND ADMINISTRATIVE OFFICIALS

MOUNTAIN VIEW SCHOOL

Donald P. Robel	Superintendent
Steve MacAskill	Assistant Superintendent
Fred M. Swain	Business Manager

DEPARTMENT OF INSTITUTIONS

Lawrence Zanto	Director
Daniel D. Russell	Administrator Corrections Division
Jim L. Haubein	Administrator Management Services Division

SUMMARY OF RECOMMENDATIONS

Take a physical inventory at fiscal year end.	<u>Page</u> 4
<u>Agency Reply:</u> Concur. See page 22.	
Require requisition slips be made out and signed by the person requesting the items.	4
<u>Agency Reply:</u> Concur. See page 22.	
Reduce the number of keys to the storeroom so that there is more control over inventories.	4
<u>Agency Reply:</u> Do not Concur. See page 22.	
Maintain complete fixed assets records.	5
<u>Agency Reply:</u> Partially concur. See page 22.	
Take an annual physical inventory of its fixed assets.	5
<u>Agency Reply:</u> Do not concur. See page 22.	
Provide the Department of Administration the proper documentation for approvals of the non-treasury bank accounts and the change funds.	7
<u>Agency Reply:</u> Concur. See page 23	
Record their agency funds on SBAS.	7
<u>Agency Reply:</u> Do not concur. See page 23.	

COMMENTS

GENERAL

Mountain View School is a state institution for delinquent girls and women ages ten through twenty-one years old. At present, the school with 68.38 FTEs, provides care and custody, education and counseling for forty-four girls. The school is funded 90% by the General Fund and 10% by the Federal and Private Revenue Fund. A summary of the school's funding sources follows:

	<u>General Fund</u>	<u>Federal and Private Revenue Fund</u>
Original Appropriation		
H.B. 483	1,058,310.00	84,421.00
H.B. 891	75,685.00	3,897.00
Total	<u>1,133,995.00</u>	<u>88,318.00</u>
Approved Budget Amendments (Net)	(15,852.47)	32,040.47
Final Budget	<u><u>1,118,142.53</u></u>	<u><u>120,358.47</u></u>

The monies are spent on four programs at the school: Administration, Care and Custody, Developmental and Community Service.

The school collects very little General Fund Revenue and over \$93,000 in Federal and Private Revenue. The Federal money consists of ESEA Title I, Federal and Tribal Border commitments and the National School Lunch Program. The school also receives commodities from the Federal Government.

INTERNAL CONTROLS

We have examined the financial statements of the Mountain View School for the year ended June 30, 1980 and have issued our report thereon. We also reviewed the School's compliance with the State of Montana's statutes, regulations and policies. Except for Agency Funds maintained by the school as will be discussed later in the report, nothing came to our attention that caused us to believe that the school had failed to comply with applicable statutes.

As part of our examination, we reviewed and tested the school's system of internal control to the extent we considered necessary to evaluate the system, as required by generally accepted auditing standards. Under these standards, the purpose of such evaluation is to establish a basis for reliance thereon in determining the nature, timing and extent of other auditing procedures that are necessary for expressing an opinion on the financial statements.

The objective of internal accounting control is to provide reasonable, but not absolute, assurance as to safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a system of internal accounting control should not exceed the benefits derived, and also recognizes that the evaluation of these factors necessarily requires estimates and judgements by management.

Our study and evaluation of the school's system of internal accounting control for the year ended June 30, 1980, which was made for the stated purpose in the first paragraph above, would not necessarily disclose all weaknesses in the system. However, such study and evaluation disclosed the following conditions that we believe to be weaknesses.

Inventories

The school maintains a perpetual inventory system for various types of goods and supplies. The following are the unaudited balances of goods accounted for by the perpetual system as of September 19, 1980:

Groceries	8,134.91
Janitorial	9,014.65
Toilet Articles	1,573.19
Notions	944.38

Linens 4,375.82

Boy Clothes 952.52

Culinary 4,133.59

Christmas 210.53

Total 29,339.59

In addition government commodities are accounted for in the perpetual records.

During our audit we found the following problems relating to inventories:

1. Physical inventory was not taken at fiscal year-end,
2. Requisitions were not always required to remove items from inventory,
and
3. Physical access to the storeroom was not properly controlled.

The school does not take a physical inventory at year-end. In order for perpetual records to be of value to management a physical inventory should be taken by someone independent of the storeroom function at least once a year. This would update the records to the correct balances and illustrate areas which might require additional controls.

Requisition slips should be used whenever any items are removed from inventory. We found instances where items were taken from inventory without preparing a requisition. After hours and on weekends a note is left in the storeroom notifying the storeroom manager how many items were taken and by whom. The storeroom manager then fills out a requisition slip for those items taken. However, the purpose of a requisition system is to separate the physical control of items from the authorization to use the goods. The objective of the requisition system can only be achieved by having someone other than the storeroom manager prepare the requisition slip.

Presently there are seven keys outstanding to the storeroom area. The school maintains that additional keys are needed because the storeroom manager is not always present when needs arise i.e., weekends and after

hours. In addition, the school's boiler units are housed in the storeroom area and according to state law the boilers must be checked periodically.

One alternative of achieving the school's requirement for access to the storeroom, and yet, maintain accountability over access to this area would be through the use of a key checkout system. A key to the storeroom could be maintained by the administration office. Whenever someone needed entry to the storeroom after hours they would check out the key at the administration building. The checkout sheet should provide space for why admission was necessary. It also should require the signature of the person obtaining the key.

In 45% of our test counts the items we counted did not agree to the perpetual records. In most instances perpetual records disclosed more inventory than was actually on hand. It is our opinion that if the weaknesses noted above were corrected the perpetual records would more closely represent the inventory on hand.

RECOMMENDATIONS:

We recommend that the school:

1. take a physical inventory at fiscal year end,
2. require requisition slips be made out and signed by the person requesting the items, and
3. reduce the number of keys to the storeroom so that there is more control over inventories.

Plant, Property and Equipment

The School does not maintain adequate fixed asset records nor does it take an annual physical inventory. The School's fixed asset records are incomplete pending a change from their present card system to the State's PAMS system. As a result, the school lacks controls to safeguard its fixed assets.

RECOMMENDATION:

We recommend that the school:

1. Maintain complete fixed assets records
2. take an annual physical inventory of its fixed assets.

PRIOR REPORT RECOMMENDATIONS

The following table shows the status of prior report recommendations:

	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>
1) Transfer to the general fund all reimbursements received from general fund expenditures.	X		
<u>Agency Reply:</u> Partially concur.			
2) Discontinue maintaining duplicate records.	X		
<u>Agency Reply:</u> Concur.			
3) Discontinue maintaining duplicate inventory records.	X		
<u>Agency Reply:</u> Concur.			
4) Compute miles per gallon on its vehicles for cost and control purposes and to establish a basis for making decisions as to use, acquisition, and disposition of vehicles.	X		
<u>Agency Reply:</u> Concur.			
5) Effectively use permanent meters on gasoline tanks to control gasoline used by the school.	X		
<u>Agency Reply:</u> Concur.			
6) Deposit donations and canteen sales in appropriate accounts within SBAS.			X
<u>Agency Reply:</u> The school will either place the funds in the state treasury or obtain authorization to maintain the funds in a non-treasury bank account.			
7) Correct the internal control weaknesses described above.		X	
<u>Agency Reply:</u> Partially concur.			

	<u>Implemented</u>	<u>Partially Implemented</u>	<u>Not Implemented</u>
8) Collect cash paid for meals at the business office.		X	
<u>Agency Reply:</u> Concur.			
9) Issue prenumbered meal tickets to visitors.		X	
<u>Agency Reply:</u> Concur.			
10) Periodically check issued meal tickets against deposits.		X	
<u>Agency Reply:</u> Concur			
11) Charge visitors meal costs in accordance with the Department of Institution's directive.		X	
<u>Agency Reply:</u> Partially concur			
12) That the Department of Institutions revise the housing rental rates at all institutions in accordance with its evaluation.		X	
<u>Agency Reply:</u> Concur.			
13) Correct the cash internal control weaknesses described above.		X	
<u>Agency Reply:</u> Concur.			
14) Amend the medical services contract to specify additional terms agreed to between the school and the doctor.		X	
<u>Agency Reply:</u> Concur.			
15) That the Department of State Lands institute procedures to increase the return to the state on its leased lands.			X
<u>Department of State Lands Reply:</u> Do not concur.			

The school has implemented twelve of the fifteen prior report recommendations. Most of the items contained in recommendation #7 have been implemented. The school feels that information in the student files should not be changed due to the confidential nature of this information and therefore still seals financial information in the student files. Recommendation #15 was directed to the Department of State Lands. That department did not concur with the

recommendation. As for recommendation #6, its non-implementation is discussed below.

Recommendation #6, concerning the deposit of certain school funds, has not been implemented by the school. The school stated in their reply to the recommendation that they would seek approval from the Department of Administration to maintain the funds in a non-treasury bank account. However, the Department of Administration was unable to provide the necessary documentation to show this approval nor was the information reported on SBAS.

Our audit disclosed that other funds were not recorded on SBAS. These are the Agency funds shown in the financial statements which include student money and two change funds.

In order to be in compliance with state policy the two change funds should be approved by the Department of Administration and should be recorded on SBAS. As for the student accounts, the school maintains that they are not required to record the information on SBAS pending the outcome of an Attorney General's opinion. From an accounting viewpoint, however, the information should be recorded in the accounting system to be in accordance with full disclosure requirements. Therefore, information should be recorded on SBAS. The state system provides a method to record the money and yet keep it deposited in a non-treasury bank account.

RECOMMENDATION:

We recommend that the school:

1. provide the Department of Administration the proper documentation for approvals of the non-treasury bank accounts and the change funds.
2. Record their agency funds on SBAS.

Final Comments

We have reviewed this report with the superintendent of Mountain View School and his staff. The full texts of their written responses to this report begin on page 22.

We wish to express our appreciation to school officials and staff for their cooperation and assistance during our audit.

FINANCIAL STATEMENTS

THOMAS, BLESSINGER AND VIANO
CERTIFIED PUBLIC ACCOUNTANTS
2103 NORTH MAIN
HELENA, MONTANA 59601

MARK J. BLESSINGER
LARRY A. VIANO

(406) 442-6361

October 6, 1980

The Legislative Audit Committee
or the Montana State Legislature:

We have examined the combined balance sheet of the Governmental Funds of Mountain View School as of June 30, 1980, and the related combined statement of revenues, expenditures and changes in fund balance for the year then ended. We have also examined the combined statement of assets and liabilities arising from cash transactions of the Agency Fund of Mountain View School as of June 30, 1980, and the related statements of increases or decreases of funds arising from cash transactions for the year then ended. Our examination was made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

The school has not maintained a general fixed asset account group, and accordingly a statement of general fixed assets, required by generally accepted accounting principles, is not included in the financial report.

As discussed in Note 1 to the financial statements, the school's policies are to prepare its Agency Funds financial statements on the basis of cash receipts and disbursements, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligations are incurred. Accordingly, the accompanying Agency Fund financial statements are not intended to present financial position and results of operations in conformity with generally accepted

accounting principles.

In our opinion, the Governmental Funds financial statements listed in the accompanying table of contents present fairly the financial position of Mountain View School at June 30, 1980, and the results of its operations of such funds for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

In our opinion, the Agency Fund financial statements listed in the accompany table of contents present fairly the assets and liabilities arising from cash transactions of Mountain View School at June 30, 1980, and increases and decreases in funds for the year then ended, resulting from the application of the cash basis of accounting.

Our examination was for the purpose of forming an opinion on the basis financial statements taken as a whole. The schedule of expenditures by object for the year ended June 30, 1980 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the examination of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Thomas, Blessinger, & Viano

THOMAS, BLESSINGER & VIANO
Certified Public Accountants

September 26, 1980

MOUNTAIN VIEW SCHOOL
ALL GOVERNMENTAL FUNDS
COMBINED BALANCE SHEET
JUNE 30, 1980

	<u>Governmental Funds</u>		
		<u>Special Revenue Fund</u>	
	<u>General Fund</u>	<u>Federal and Private Revenue Fund</u>	<u>Total (Memorandum only)</u>
<u>ASSETS</u>			
Cash in Treasury		10,945.14	10,945.14
Revolving Fund Cash	500.00		500.00
Available to Pay Accrued Support Expenditures	<u>79,753.12</u>		<u>79,753.12</u>
Total Assets	<u>80,253.12</u>	<u>10,945.14</u>	<u>91,198.26</u>
<u>LIABILITIES AND FUND BALANCE</u>			
Accrued Support Expenditures	79,753.12	14,543.24	94,296.36
Reserve for Revolving Fund	500.00		500.00
Fund Balance		<u>(3,598.10)</u>	<u>(3,598.10)</u>
Total Liabilities and Fund Balance	<u>80,253.12</u>	<u>10,945.14</u>	<u>91,198.26</u>

See the notes to the financial statements.

MOUNTAIN VIEW SCHOOL
ALL GOVERNMENTAL FUNDS
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 1980

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
Revenue:			
Rentals	180.00	180.00	- 0 -
Federal Assistance	.		
Federal Reimbursements			
Total Revenues	<u>180.00</u>	<u>180.00</u>	<u>- 0 -</u>
Expenditures:			
Administration	281,715.00	282,306.25	(591.25)
Care and Custody	487,225.53	472,640.35	14,585.18
Developmental	334,906.00	347,009.82	(12,103.82)
Community Services	14,296.00	13,439.34	856.66
Total Expenditures	<u>1,118,142.53</u>	<u>1,115,395.76</u>	<u>2,746.77</u>
Excess (Deficiency) of Revenues over Expenditures	(1,117,962.53)	(1,115,215.76)	2,746.77
Other Financing Sources (Uses)			
Prior Year Expenditures Adjustments	3,658.07	3,658.07	- 0 -
Support for the Consolidated General Fund	1,049,985.46	1,047,238.69	(2,746.77)
Prior Year Revenue and Income Adjustments	<u>64,319.00</u>	<u>64,319.00</u>	<u>- 0 -</u>
Excess of Revenues Over (Under) Expenditures and Other Sources (Uses)	- 0 -	- 0 -	- 0 -
Fund Balances July 1, 1979	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>
Fund Balances June 30, 1980	<u>- 0 -</u>	<u>- 0 -</u>	<u>- 0 -</u>

See the notes to the financial statements.

SPECIAL REVENUE FUNDS

Federal and Private Revenue Fund			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			180.00	180.00	- 0 -
52,700.00	49,236.79	(3,463.21)	52,700.00	49,236.79	(3,463.21)
15,000.00	44,213.20	29,213.20	15,000.00	44,213.20	29,213.20
<u>67,700.00</u>	<u>93,449.99</u>	<u>25,749.99</u>	<u>67,880.00</u>	<u>93,629.99</u>	<u>25,749.99</u>
			281,715.00	282,306.25	(591.25)
74,406.47	73,073.51	1,332.96	561,632.00	545,713.86	15,918.14
45,952.00	43,918.85	2,033.15	380,858.00	390,928.67	(10,070.67)
			14,296.00	13,439.34	856.66
<u>120,358.47</u>	<u>116,992.36</u>	<u>3,366.11</u>	<u>1,238,501.00</u>	<u>1,232,388.12</u>	<u>6,112.88</u>
(52,658.47)	(23,542.37)	29,116.10	(1,170,621.00)	(1,138,758.13)	31,862.87
			3,658.07	3,658.07	- 0 -
			1,049,985.46	1,047,238.69	(2,746.77)
<u>(62,789.55)</u>	<u>(62,789.55)</u>	<u>- 0 -</u>	<u>1,529.45</u>	<u>1,529.45</u>	<u>- 0 -</u>
(115,448.02)	(86,331.92)	(29,116.10)	(115,448.02)	86,331.92	(29,116.10)
82,733.82	82,733.82	- 0 -	82,733.82	82,733.82	- 0 -
<u>(32,714.20)</u>	<u>(3,598.10)</u>	<u>29,116.10</u>	<u>(32,714.20)</u>	<u>(3,598.10)</u>	<u>29,116.10</u>

MOUNTAIN VIEW SCHOOL
AGENCY FUNDS
COMBINED STATEMENT OF ASSETS AND LIABILITIES ARISING
FROM CASH TRANSACTIONS
JUNE 30, 1980

ASSETS

Cash	<u>2,747.79</u>
Total Assets	<u><u>2,747.79</u></u>

LIABILITIES AND FUND BALANCE

Liabilities	
Property Held in Trust	595.48
Fund Balance	<u>2,152.31</u>
Total Liabilities and Fund Balance	<u><u>2,747.79</u></u>

See the notes to the financial statements.

MOUNTAIN VIEW SCHOOL
AGENCY FUND
STATEMENTS OF INCREASES OR DECREASES IN FUNDS
ARISING FROM CASH TRANSACTIONS
FOR THE YEAR ENDED JUNE 30, 1980

<u>FUND</u>	<u>BALANCE</u> <u>JUNE 30, 1980</u>	<u>RECEIPTS</u>	<u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 1980</u>
Student Accounts	1,424.03	22,262.60	23,091.15	595.48
Recreation Fund	877.15	5,308.65	4,841.40	1,344.40
Flower Fund	1.33			1.33
Canteen Fund	140.67	1,225.55	1,038.29	327.93
Donations	30.45	36.85		67.30
Fabric Fund	83.74			83.74
Jo Ridle Memorial Fund	81.50		15.00	66.50
Senior Class Fund	149.69	250.65	233.10	167.24
Inactive Accounts	<u>45.72</u>	<u>48.15</u>	<u></u>	<u>93.87</u>
 TOTAL	 <u>2,834.28</u>	 <u>29,132.45</u>	 <u>29,218.94</u>	 <u>2,747.79</u>

See the notes to the financial statements.

MOUNTAIN VIEW SCHOOL
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1980

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Mountain View School was established in Helena by the legislature in 1919. The school operates under the control of the Department of Institutions and provides the following services: care, education, training and rehabilitation of delinquent girls ten years age through twenty-one years old who are committed to the school by court order.

The following is a summary of the significant accounting policies:

A. BASIS OF PRESENTATION

The accounts of Mountain View School are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equities, revenues, and expenditures or expenses. The following fund types are used by the school:

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is a part of the General Fund of the State of Montana. Rental revenues received by the school are accounted for in this fund. From the fund are paid general operating, food service, administrative and community service expenditures. A legislative appropriation is required to expend from the fund.

SPECIAL REVENUE FUNDS - Special Revenue Funds are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal provisions. All Federal monies received by the school are recorded here. Food service and care and custody expenditures are charges against these funds. A legislative appropriation is required to expend from the funds.

FIDUCIARY FUNDS

AGENCY FUNDS - Agency Funds are used to account for assets held as an agent by the school for others. The major items accounted for in these funds by the school include student accounts, recreation and canteen operations. These funds are not recorded on SBAS and thus were not included in the combined financial statements. A legislative appropriation is not required to expend from these funds.

B. BASIS OF ACCOUNTING

The modified accrual basis of accounting is followed by the governmental funds. Under the modified accrual basis of accounting, revenues are recorded when received in cash unless susceptible to accrual, i.e. measurable and available to finance the school's operations or of a material amount and not received at the normal time of receipt. Expenditures are recorded when the liability is incurred.

The Agency Funds are kept on the cash basis of accounting. Revenue is only recognized when received and expenditures are recognized when paid.

C. ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. At fiscal year, the major encumbrances of the school are charged to expenditures. Although this procedure is not in accordance with generally accepted accounting principles, it has an immaterial effect on the financial statements.

D. INVENTORIES

Supplies are expensed when purchased. Therefore, no inventory amounts are shown in the financial statements.

E. GENERAL FIXED ASSETS

A General Fixed Asset Account Group is not maintained by the school.

Expenditures for Fixed Assets are charged to the paying fund at the time of purchase.

2. VACATION AND SICK LEAVE

Teachers - Only sick leave is provided to the teachers at the school. They accrue sick leave at the rate of 8 hours per month. Teachers are paid 25% upon retirement on termination. Sick leave expense is not recorded until paid. Accumulated sick leave for teachers is indeterminable.

Other Employees - Other employees accrue vacation and sick leave in accordance with the state pay plan. Each employee earns 8 hours/month sick leave and 10 hours/month vacation. Rates increase after 10 years of service. An employee does not vest in the plan until after six months of service. In the event of termination, an employee is paid accumulated vacation days up to the equivalent of two years vacation and 25% of accumulated sick leave. Neither are recorded until paid. Accumulated vacation and sick leave is indeterminable.

3. CAPITAL PROJECTS

Although the school had one capital project during the audit period, it is not reflected in these financial statements. A cottage re-roofing project was appropriated to the Long Range Building Program and is accounted for there on SBAS.

4. LONG-TERM DEBT

Long-term debt is treated on SBAS as a state obligation. All information related to long-term debt would be reflected in records of the Department of Administration.

5. PENSION PLANS

Teacher's Retirement System - All certified teachers are covered by the Teacher's Retirement System. The plan is administered by the State of Montana. All employees contribute 6.187% of their salary to the plan, while, the school contributes 6.312% of the teachers salaries to the plan. The school's contribution to this plan for the fiscal year end June 30, 1980 was \$12,000.00. The unfunded past service costs and the actuarially computed value of the vested benefits are not readily available for members of the plan employed by the school.

Public Employees' Retirement System - Non-teaching employees are covered by the Montana Public Employees' Retirement System. The plan is administered by the State of Montana. All eligible employees contribute 6% of their salary to the plan, while the school contributes 5.9% of the employees' salaries to the plan, plus .3% of the salaries of the state for administrative expenses of the plan. The school's contribution to this plan for the year ended June 30, 1980 was \$42,000.00. The unfunded past service costs and the actuarially computed value of the vested benefits are not readily available for members of the plan employed by the school.

6. FUND DEFICIT

A Deficit Fund Balance occurs in the special revenue funds at fiscal year. The Mountain View School Federal and Private Revenue Account accounting entity was negative due to the accrual of teachers' salaries. No legal provisions have been violated, however, as the fund has not overexpended its appropriation or its cash balance at June 30, 1980. Federal reimbursements will cover the deficit.

7. INSURANCE

The school is insured by the State or Montana's self insurance plan administered by the Department of Administration.

8. BUDGET AMOUNTS

Budget amounts shown on the financial statements represent final budgets after all budget amendments. Budget amounts for prior period adjustments were recorded as being equivalent to actual. No reverted appropriations were overexpended.

MOUNTAIN VIEW SCHOOL
ALL GOVERNMENTAL FUNDS
SCHEDULE OF EXPENDITURES BY OBJECT
FOR THE YEAR ENDED JUNE 30, 1980

	<u>Administration</u>	<u>Care and Custody</u>	<u>Developmental</u>	<u>Community Services</u>	<u>Total</u>
Expenditure:					
Personal Services					
Salaries	165,065.18	388,829.07	303,531.94	11,146.85	868,573.04
Employee Benefits	<u>31,585.20</u>	<u>81,908.06</u>	<u>56,081.17</u>	<u>2,292.49</u>	<u>171,866.92</u>
Total Personal Services	<u>196,650.38</u>	<u>470,737.13</u>	<u>359,613.11</u>	<u>13,439.34</u>	<u>1,040,439.96</u>
Operating Expenses:					
Contracted Services	5,886.91	17,386.97	21,958.43		45,232.31
Supplies & Materials	12,718.46	51,241.32	5,840.21		69,799.99
Communications	10,701.50	207.38	133.86		11,042.74
Travel	118.50	2,966.97	337.58		3,423.05
Rent	1,002.14		327.28		1,329.42
Utilities	36,253.04				36,253.04
Repair & Maintenance	9,845.81	419.98	1,866.72		12,132.51
Other Expenditures	<u>317.74</u>	<u>2,754.11</u>	<u>851.48</u>		<u>3,923.33</u>
Total Operating Expenditures	<u>76,844.10</u>	<u>74,976.73</u>	<u>31,315.56</u>		<u>183,136.39</u>
Equipment	<u>8,811.77</u>				<u>8,811.77</u>
Total Expenditures	<u>282,306.25</u>	<u>545,713.86</u>	<u>390,928.67</u>	<u>13,439.34</u>	<u>1,232,388.12</u>

See the notes to the financial statements.

AGENCY REPLIES



STATE OF MONTANA

MOUNTAIN VIEW SCHOOL

2260 SIERRA ROAD EAST
HELENA, MONTANA 59601

~~Lawrence Zanto~~

~~DIRECTOR OF INSTITUTIONS~~

DONALD P. ROBEL - - SUPERINTENDENT

October 28, 1980

Thomas, Blessinger and Viano
Certified Public Accountants
2105 North Main
Helena, Montana 59601

In re: Audit of Mountain View School
covering Fiscal Year 1980

Gentlemen:

In reply to the findings and comments on your audit of Mountain View School, we wish to offer the following response to your recommendations:

Inventories:

1. We concur with your suggestion that a physical inventory be taken at year-end.
2. We agree with required requisition slips being made out and signed by persons requesting items.
3. We do not feel reduction in the number of keys to the storeroom will result in more control over inventories. The boilers are located in the storeroom area so Maintenance must have a key; other authorized staff must be able to issue supplies when the warehouseman is not here--or when supplies are being delivered.

Plant, Property and Equipment:

1. Since we maintain a card file on all fixed assets, we feel our fixed asset records are kept current and complete.
2. All items are numbered, either with paint or with an engraver. Occasionally, items are moved from one cottage to another, which is primarily determined by fluctuation of population in each cottage. When such a move is made, the office is notified in writing on a Furniture Transfer form. Checking each numbered item in each room would be too time-consuming, we do not have enough staff to warrant such action, and the results would be insignificant.

October 28, 1980

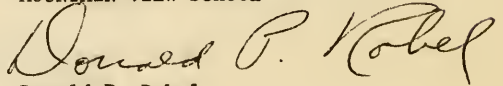
Prior Recommendations:

1. We shall provide the Department of Administration with proper documentation of approval of non-treasury bank accounts and change funds.
2. We do not concur with your recommendation to record our Agency funds on SBAS. These are funds sent to the students by parents, guardians, off-campus employment, etc., which have nothing to do with SBAS.

If further clarification is needed regarding our position on your findings, please feel free to contact us.

Sincerely,

MOUNTAIN VIEW SCHOOL

A handwritten signature in dark ink, reading "Donald P. Robel". The signature is fluid and cursive, with the first name "Donald" and last name "Robel" clearly legible.

Donald P. Robel
Superintendent

HB

